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DE RUEHBU #1255/01 2522045
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INFO RUCNMER/MERCOSUR COLLECTIVE
RUEHRC/DEPT OF AGRICULTURE WASHINGTON DC
RUEKJCS/SECDEF WASHINGTON DC
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RHMFIUU/HQ USSOUTHCOM MIAMI FL
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UNCLAS BUENOS AIRES 001255

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E.O. 12958: N/A
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SUBJECT: CODEL PETERSON'S SEPTEMBER 4 MEETING WITH
PRESIDENT KIRCHNER

¶1. (SBU) Summary: Argentine President Cristina Fernandez de Kirchner met September 4 with a U.S. congressional delegation led by Collin Peterson of Minnesota. The President supported holding bilateral discussions later this year to try to resolve market access issues involving Argentine lemons and beef, as well as U.S. beef and chicken. The President briefed on Argentine agricultural taxes and support programs, and the congressmen talked about the U.S. approach. The President explained that she believed her decision to repay Paris Club debt could encourage investment and economic relations with the members of the Paris Club. At the end of the meeting, she expressed appreciation to the Ambassador for the positive U.S. statement regarding the debt decision and asked for U.S. support as experts seek to reconcile numbers surrounding the debt owed and try to reach agreement on repayment. End Summary.

¶2. (U) Argentine President Cristina Fernandez de Kirchner (CFK) held a friendly and wide-ranging meeting with four U.S. Congressmen for well over an hour on September 4. Representatives Collin Peterson (D-Minn.), Marion Berry (D-Ark.), Jerry Weller (R-Ill.), and Ben Chandler (D-Ky.) were joined by Ambassador Wayne. Foreign Minister Taiana, Economy Minister Fernandez, Agriculture Secretary Cheppi and Ambassador to the United States Timmerman accompanied the President.

Bilateral Agricultural Issues

¶3. (U) CFK asked where the Congressmen would travel in Argentina, and on learning of their visits to Rosario, Santa Fe, and Cordoba province, she extended an invitation for the Congressmen to visit the southern region of Patagonia when they could return. She asked Agricultural Secretary Cheppi to brief her on the discussions earlier in the afternoon surrounding two Argentine agricultural market access issues with the United States: lemons and beef. She noted the potential value of increased lemon exports for job creation in Tucuman province and the special importance she attached to allowing Argentine beef exports to the United States, notably first from Patagonia. Cheppi presented the Argentine arguments that the USDA should allow free access to the U.S. market and that it had been agreed in discussions with Representative Peterson that the way to proceed was to have talks on agricultural trade issues between the two countries, probably after the U.S. elections.

¶4. (SBU) Representative Peterson said that he thought the U.S. Department of Agriculture was getting close to issuing a finding on both access of meat from Patagonia to the United States and of Argentine lemons. He noted that the USG also

had market access problems that merited discussion, including the unwarranted exclusion of U.S. beef and chicken from the Argentine market. Thus, he had suggested discussions after the U.S. elections on all of the issues. The President asked a number of questions about both issues. Ambassador Wayne and Agricultural Secretary Cheppi presented various aspects of the reasons for the market access problems concerning U.S. and Argentine meats and Argentine lemons. After about 20 minutes of discussion, CFK said she understood.

15. (SBU) Congressmen Peterson said his committee would support the USG abiding by all the health and scientific rules, but would want Argentina to do likewise. His committee, he said, would support finding a solution to all the access problems. However, the solutions needed to be worked out among the two Agricultural services in the executive branches. CFK agreed that it was important that both Argentina and the USG follow the rules, and that we open up agricultural trade between the two countries.

16. (U) The Congressmen provided CFK with a briefing on the difficulty of forging agreement on the recent U.S. agriculture bill and the complicated nature of U.S. agriculture interests. She said she understood various interests of different districts, but thought that the overriding interests of providing the consumer with the best prices should win out. Representative Peterson explained that, in his view, the United States had priced food too cheaply for the consumer and that now it was a great challenge for farmers to make money in the United States. He indicated that only about 10% of U.S. consumer income goes to food, and that out of the \$60 billion that will be expended

each year under the new farm bill, only about 10% will go to the farmers. The rest will go for food stamps, lunch school programs, etc. CFK said she was surprised by that and described the situation in Argentina where families spend a higher percentage of their income on food, with the poorest spending about 60% of their income on food each month.

17. (SBU) Congressman Peterson then asked about agricultural taxes and subsidies in Argentina. CFK explained the policy of providing subsidies for fuel and other inputs with lower prices and by supporting lower costs by managing the exchange rate. She noted that these positives for agriculture are balanced by the desires to keep domestic food prices down and to redistribute income from wealthy sectors to poorer ones. She explained that for soy and soy oil production, where domestic use accounted for only about 5% of production, export taxes were highest. CFK also reviewed the wheat and corn tax and consumption statistics in Argentina. Congressman Peterson said that he had one recommendation: Argentina should set its export tax on biodiesel at the same level as its taxes on soybean oil. Right now, he argued, with a lower tax rate on soy-based biodiesel, Argentina was encouraging a great deal of biodiesel production. This, he said, might lead to a glut in the international market once the United States alters its law to take out a loophole which allows companies to get a subsidy (\$1 per gallon) when a small amount of U.S. biodiesel is mixed with internationally sourced biodiesel and the product is re-exported to the European Union. CFK asked Minister Fernandez and Agricultural Secretary Cheppi to examine this situation.

Paris Club, U.S. Investment and U.S. Elections

18. (SBU) Congressman Peterson congratulated CFK on her announcement that Argentina would repay its Paris Club debt. CFK said it was an important decision because no country wants to leave debts unpaid and because Argentina wanted to send the signal that it was normalizing relations with the rest of the world. She said she believed this was a win-win decision as it will also open Argentina to more investment and economic cooperation with the Paris Club countries. CFK then provided an in-depth briefing on economic growth over the past five years, the drop in the debt-to-GDP ratio, and declining unemployment. She noted increased investment and

good investment opportunities offered by Argentina. Ambassador Wayne noted that over the past three or so years, U.S. companies have led in new investments in Argentina. CFK and the Congressmen then talked a bit about the need to develop diverse sources of energy to keep growth on track in the future. Congressman Weller discussed the potential for U.S.-Argentine partnership in areas of alternative energy development. CFK discussed the Argentine nuclear program and research facilities at INVAP (a public-private company in Bariloche, Argentina). She highlighted space cooperation with NASA. She expressed her support for more such bilateral cooperation.

¶9. (SBU) CFK and the Congressmen then discussed the U.S. presidential elections. CFK shared some of her impressions, remarking that she and her husband and ex-President Kirchner had watched both party conventions on CNN each evening over the past two weeks. The Congressmen shared some of their thoughts about the direction the election would take. CFK noted that the new Vice Presidential candidate for the Republicans had run into a good deal of press criticism as had Senator Clinton on the Democratic side. She shared her views that women in politics often get special criticism, noting that when she came to Buenos Aires as a Senator while her daughter was still young, the press asked about how she would care for her daughter. CFK noted that the press doesn't raise this kind of concern with male politicians who have young children. She also noted her sense that both U.S. candidates have very compelling life stories and the contest seems to encompass the contest between two important themes: change and patriotism.

¶10. (SBU) Congressman Peterson said that after his meeting with Governor Alperovich of Tucuman province earlier in the day, he had agreed to visit the province on his next trip. CFK said that Alperovich is one of the best governors in the country and recounted how he faced a great deal of anti-Semitism when he first ran for governor and then was re-elected with an overwhelming majority.

¶11. (SBU) At the conclusion of the meeting, CFK told the Ambassador that she appreciated the U.S. statement about her decision to pay back the Paris Club debt and that she hoped the U.S. would be able to work constructively as the process begins to reconcile numbers about the debt owed. Specifically, she referred to her hope to avoid any excessive penalty interest as Argentina had made an offer to pay \$6.7 billion at once. In a side conversation with Economy Minister Fernandez, he acknowledged that the government would likely use a bond purchase to acquire the money from Central Bank reserves and that the government might need to adjust the initial decree issued to provide better legal protection for the process of the executive branch getting the money from the Central Bank reserves.

¶12. (U) This cable has been cleared by Rep. Peterson.
WAYNE